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HOUSEHOLD WEALTH AND DISTRIBUTION IN THE ACT

Wealth is a net concept, referred to in this article as net worth, which measures the extent to which the value of household assets exceeds the value of household liabilities.

Assets can take many forms, including: dwellings and their contents, vehicles, business inventories of goods as well as financial assets such as bank deposits, shares and superannuation. Liabilities are primarily the value of loans outstanding, including: mortgages, study loans, investment loans, credit card debts and vehicle and other personal loans.

Wealth and Income

Wealth and income are related to each other, but it would be misleading to assume that household net worth and household income have an exact positive relationship. Higher income households may have higher wealth, as wealthier households have more assets to earn income and higher income households have a higher propensity to save. However, household net worth is also dependent on other characteristics such as life cycle effects, family composition, age etc. The differences in the distribution of wealth and income partly reflect the common pattern of wealth being accumulated during a person's working life and then being utilised during retirement. As a result, many households with relatively low wealth have relatively high income, especially if they are younger households. Conversely, older households may have accumulated relatively high net worth over their lifetimes but have relatively low income in their retirement.

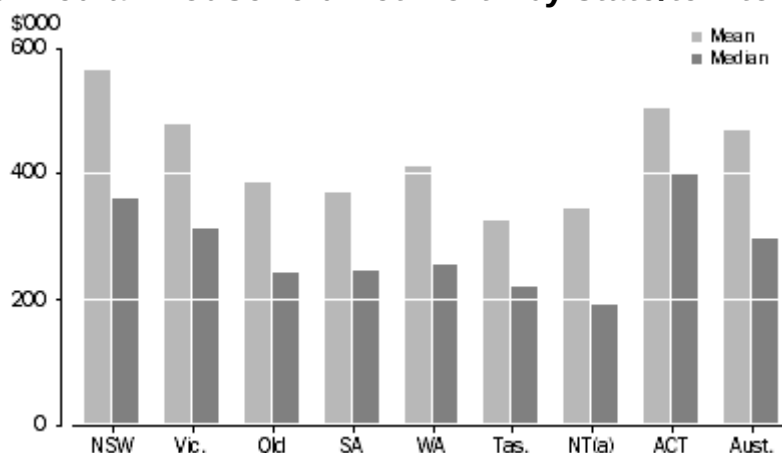
The median weekly household income in the ACT during 2003-04 (\$1,108) was slightly higher than that for Australia as a whole (\$915). The principal source of income for Australian and ACT households during this period was wages and salaries (58% and 68% respectively). Government pensions and allowances (17%) was the second highest source of income for ACT households, which was consistent with the other states and territories.

Net worth

In Australia, mean household net worth varies between states and territories. During 2003-04, ACT households had assets with a mean value of \$581,000. The corresponding mean value of household liabilities in the ACT was \$76,000, resulting in mean household net worth of \$505,000. The mean values for the ACT were higher than the corresponding mean values of Australia as a whole.

During 2003-04, the ACT had a median household net worth (**see end note**) of \$400,000, the highest of all states and territories and 36% higher than the national median household net worth of \$295,000.

Mean and median household net worth by state/territory, 2003-04



Assets

Within the ACT (and all other states excluding Victoria and Western Australia), the largest financial asset for households during 2003-04 was the value of accounts held with financial institutions. The mean value (**see end note**) of accounts held with financial institutions in the ACT during this period was the same as the national mean (\$21,000).

Of all states and territories during 2003-04, ACT households had the largest mean value of superannuation assets (\$91,500). The balance of accounts with government superannuation funds for ACT households had a mean value of \$57,400, significantly higher than the national mean of \$17,000, while the mean balance of accounts with non-government superannuation funds for ACT households was lower than that for Australia as a whole (\$34,000 and \$46,500 respectively).

During 2003-04, ACT households had higher than average property assets for both owner occupied dwellings and other property. In addition to higher property assets, ACT households also had higher value of contents of dwelling during this period. The mean value of contents of dwelling in the ACT during 2003-04 was \$69,000 compared with the national mean of \$47,000.

Liabilities

Property loans were the largest liability for ACT households during 2003-04. Property loans with principal outstanding for owner occupied dwellings were the largest liability for ACT households, with a mean value of \$48,000 per household, slightly higher than the national mean (\$40,000).

Outside of property loans, amounts owing on credit cards were the next greatest liability for ACT households during 2003-04 (\$2,200). Debt outstanding on study loans in the ACT during 2003-04 had a mean value of \$1,800 per household.

FURTHER INFORMATION

Further information can be obtained from Household Wealth and Wealth Distribution 2003-04 (cat. no. 6554.0).

End Notes

Mean The total net worth of a group of units divided by the number of units in the group

Median net worth That level of net worth which divides the units in a group into two equal parts, one half having net worth above the median and the other half having net worth below the median.

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